



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 10, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

Budget Conference Committee Discussion of Local Government Agreement

Yesterday, the Conference Committee took up the subject of the May Revision local government agreement. Assembly Member Steinberg (D., Sacramento County) led the discussion, however, comments from others, including Senator Chesbro (D., Arcata), made it clear that the \$1.3 billion number was not going to change. The Senator also commented that even though the Conference Committee was considering the local government agreement, there still needed to be a leadership decision about where the actual proposal would be heard and acted on so that people could testify. The discussion was terminated when the Senators had to go off for a vote and when they returned, Senator Chesbro indicated the Committee would not meet again until today, at which point the Department of Finance (DOF) will present the fund balance report.

Assembly Member Steinberg identified five concerns: 1) the size of the reduction and primarily its allocation among special districts; 2) the VLF reduction which would become part of the Constitution; 3) the constitutional protection of local revenue; 4) the inability of the Legislature to address the fiscalization of land use in the future; and, 5) whether swapping VLF for property taxes would actually contribute to the fiscalization of land use. Most of the time and comments were addressed to items three, four and five. As for the lower VLF rate in the Constitution, DOF said it was done to protect locals from future reductions and the taxpayers from future increases. Senator Alpert (D., San Diego) said the rate should be 1%, as it is for other property, but otherwise, no one else commented on this subject.

The real debate among conferees centered on the fiscalization of land use and whether the proposal should be modified to preserve the Legislature's ability to address the issue in the future. The only vocal support for Assembly Member Steinberg was from Senator Alpert, who said the AB 8 distribution should be revisited. Senator Johnston (R., Irvine) did not seem to be swayed by this argument and indicated his support for the Governor's local government plan, and cautioned that with only ten days before the ballot pamphlet goes to press, there is not time to make significant changes.

Nevertheless, Assembly Member Steinberg asked the LAO to prepare language by today to reflect its proposal to protect local revenue by prohibiting the State from reducing local revenues in the aggregate while still allowing for redistribution/reform within the aggregate. Interestingly, Steinberg asked DOF Deputy Director Genest if the Administration was, in effect, giving up on reform by accepting this deal. Genest insisted this was not the case and that the Administration would be working hard on a proposal for next year, though it might be necessary to amend the Constitution to achieve reform.

Pursuit of County Position on Legislation

AB 2086 (Lieber), as amended on April 27, 2004, would exempt County-owned pharmacies and County-employed health care providers from the full Medi-Cal application process for continuing enrollment, if the exemption would not result in the loss of Federal financial participation. To qualify for the exemption, 1) pharmacies and health care providers must be licensed and certified by the California Department of Health Services to participate in Medi-Cal, and 2) a county must collect and maintain the same information currently required by the Department for continuing enrollment of providers.

Existing law requires a provider applying for initial enrollment in Medi-Cal, for continuing enrollment, or for a change of location, to submit a complete application package in order to protect against Medi-Cal fraud. Clinics, health facilities, adult day health care providers, home health agencies, and hospices are currently exempted from the application requirements if they are licensed and certified to participate in Medi-Cal.

The County Department of Health Services (DHS) indicates that AB 2086 would streamline the application process for County pharmacies and employees, and assist the California Department of Health Services to more quickly process the backlog of applications. According to the author, this bill is needed because the documentation required by new Medi-Cal law and regulation is overly time consuming for both County and State agencies which are already subject to a great deal of scrutiny.

DHS recommends that the County support AB 2086 because it would result in more timely reimbursement of counties for the treatment and services provided to Medi-Cal patients, and we concur. Consistent with County policy to support proposals to simplify

and align Medi-Cal and Healthy Families Program eligibility rules and application processes, **our Sacramento advocates will support AB 2086.**

AB 2086 is sponsored by Santa Clara County, and supported by the American Federation of State, County and Municipal Employees; California Association of Public Hospitals and Health Systems; California Healthcare Association; and the California Medical Association. There is no registered opposition. AB 2086 passed the Assembly on May 20, 2004 by a vote of 64 to 11, and has been referred to the Senate Health and Human Services Committee.

Status of County-Interest Resources Legislation

Following is an update on several resources bills which are now in the second house.

County supported, if amended, AB 496 (Correa) was amended on January 22, 2004 to once again establish a Santa Ana River Conservancy. The bill has not moved since that amendment, but it is now scheduled for hearing before the Senate Committee on Natural Resources and Wildlife on June 22, 2004. As the bill still does not include representation of Los Angeles County or its cities on the Conservancy's board, our Sacramento advocates will continue to work with the author to amend the bill.

County-supported AB 2446 (Montanez), which would expand the list of projects eligible for joint-use bond funding to include parks, recreation centers, cultural arts centers, technology centers, health clinics, and athletic fields, has been scheduled for a hearing before the Senate Education Committee on June 23, 2004.

County-opposed, AB 2666 (Maldonado) would change the method used to allocate funds generated from a special off-highway vehicle (OHV) registration fee to counties and cities. AB 2666 was passed by the Assembly on May 28, 2004, by a vote of 78 to 0. On June 3, 2004, the bill was referred to the Senate Committees on Natural Resources and Wildlife and Transportation, where it awaits a hearing. Although the bill's supporters claim that Los Angeles County will not lose significant funding, the bill does not specify how the new allocation system is to be implemented, and the Department of Parks and Recreation still recommends that the County oppose AB 2666, and we concur.

County-opposed, SB 1387 (Romero), would prohibit the County's Sanitation Districts from acquiring and developing land, or putting improvements on land, for the purposes of creating a materials recycling facility with a capacity of over 4,000 tons per day, unless the project is approved by two thirds of the voters in the affected district at the next general election. This bill was not heard in committee and is, therefore, dead.

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County-supported, SB 1677 (Knight), which would amend the Los Angeles County Flood Control Act to allow the Flood Control District to accept the transfer of a storm drain improvement, or drainage system from a city or a private party, without action by the Board of Supervisors, was amended on June 1, 2004, to make technical changes in the language regarding liability. The bill passed the Assembly Local Government Committee yesterday, by a vote of 8 to 0, and was re-referred to the Assembly Committee on Water, Parks, and Wildlife.

We will continue to keep you advised.

DEJ:GK
MAL:JF:JR:DS:MS:ib

c: Executive Officer, Board of Supervisors
 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants